

NATIONAL RECOVERY ADMINISTRATION

PROPOSED CODE OF FAIR COMPETITION

FOR THE

LOOSE LEAF

MANUFACTURING INDUSTRY

AS SUBMITTED ON SEPTEMBER 6, 1933



The Code for the Loose Leaf Manufacturing Industry in its present form merely reflects the proposal of the above-mentioned industry, and *none of the provisions contained therein are to be regarded as having received the approval of the National Recovery Administration as applying to this industry*

UNITED STATES
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CODE OF FAIR COMPETITION FOR THE LOOSE LEAF MANUFACTURING INDUSTRY

SECOND DRAFT AUGUST 17, 1933

To effectuate the policy of Title I of the National Industrial Recovery Act, the following provisions are established as the National Industrial Recovery Code of Fair Competition for the Loose Leaf Manufacturing Industry.

ARTICLE I—DEFINITIONS

The term "Loose Leaf Manufacturing Industry", as used herein, is defined to mean the manufacture of loose-leaf devices and supplies. The term "person", as used herein, shall include natural persons, partnerships, and corporations. The term "member", as used herein, means any person who shall have signified his or its assent to this Code. The term "Executive Director", as used herein, shall mean the person then holding the position of Executive Director of the Loose Leaf Manufacturers Institute. The term "employer", as used herein, shall include every person promoting or actively engaged in the manufacture for sale of loose-leaf devices and supplies. The term "employees", as used herein, shall mean all persons directly engaged in production of the products of said industry. The term "effective date", as used herein, is defined to be the second Monday after the date this Code shall have been approved by the President.

ARTICLE II—MEMBERSHIP IN THE CODE

The Loose Leaf Manufacturing Industry imposes no inequitable restrictions on membership in this Code. All manufacturers of loose-leaf devices and supplies in the United States, regardless of size or form of organization, are invited to become members of the Code and to have a voice and to participate equitably in the administration thereof and in the promotion of industrial recovery and may become a member by signing the form set forth at the end of this Code.

ARTICLE III—VOTING PRIVILEGES

SECTION 1. Each member shall, prior to the first meeting of the members of this Code, or upon his assuming membership therein, certify to the Executive Director under oath, the total net wholesale value of domestic shipments of all loose-leaf devices and supplies for the calendar year preceding the date of such meeting or election to membership.

SEC. 2. The voting power of the members of this Code shall be determined as follows:

A Class A member is one the value of whose shipments, as defined in Section 1, is less than one fifth of the highest value reported by any member for such year. Each Class A member shall be entitled to one vote.

A Class B member is one the value of whose shipments thus reported is more than one fifth, but less than two fifths, of such highest value reported. Each Class B member shall be entitled to two votes.

A Class C member is one the value of whose shipments thus reported is more than two fifths, but less than three fifths, of such highest value reported. Each Class C member shall be entitled to three votes.

A Class D member is one the value of whose shipments thus reported is more than three fifths, but less than four fifths, of such highest value reported. Each Class D member shall be entitled to four votes.

A Class E member is one the value of whose shipments thus reported is four fifths of the highest value, or more. Each Class E member shall be entitled to five votes.

The Executive Director shall certify to each member his designation of the class of such member, but shall make no disclosure of the specific data upon which such designation is fixed.

ARTICLE IV—ADMINISTRATION OF THE CODE

For the purpose of effectuating the policies of Title I of the National Industrial Recovery Act and of securing the execution and enforcement within the industry of the provisions of this Code of Fair Competition, there shall be a Code Committee elected by and from the representatives of the members of this Code. Such Code Committee is invested with such powers and functions as may be necessary for the proper administration of this Code and is responsible for such administration. It may prescribe and require the keeping of such records and accounting methods by the members of this Code as will facilitate the effective administration thereof. It may require periodic written reports from the members, containing such information as the Committee may deem necessary in the premises. It may make or cause to be made investigations into the operation of the Code. It may make such rules and regulations, and exercise all such other powers, as may be necessary to administer the Code, pursuant to the provisions of the National Industrial Recovery Act. It may delegate such powers as it shall deem expedient to persons, agents, or committees designated by it. In the event that the members of this Code shall fail or omit to elect such Code Committee, the members of the Executive Committee of the Loose Leaf Manufacturers Institute shall act as such Code Committee. The National Recovery Administration is expressly authorized to deputize the Code Committee named herein and/or the Executive Director to do and perform such acts as may be necessary to carry into effect the purpose and intent of this Code.

ARTICLE V—EXPENSE OF ADMINISTERING CODE

The expense of initiating and administering this Code shall be borne by the members. Such expenses shall be apportioned equitably

among such members by the Code Committee. The apportionment may be made on the basis of sales in the United States by such members for a specified period of time, or upon such other equitable basis as the Code Committee may determine.

ARTICLE VI—HOURS OF WORK

SECTION 1. On and after the effective date, employers in the Loose Leaf Manufacturing Industry shall not operate in their manufacturing operations on a schedule of hours of labor for their employees directly engaged in the production of merchandise in excess of an average of forty hours per week per shift during any six months period and shall not employ any person under 16 years of age.

SEC. 2. Office and salaried employees, except outside salesmen, machine and emergency repair-shop crews, engineers, electricians, firemen, supervisory staff, shipping, watching, and cleaners, receiving less than \$35.00 per week, shall work not more than 48 hours in any one week, and not more than 1,040 hours in any six months' period.

SEC. 3. In case of necessity, arising from an emergency or from the character of the work or from the inability to obtain competent labor, permission may be granted by the Executive Committee, or its authorized agent, upon proper showing being made, to exceed the foregoing limitation, provided such permission shall be granted only upon such conditions imposed by the Executive Committee, or its authorized agent, as will make certain that no employee will work more than 1,040 hours in any six months.

ARTICLE VII—WAGES

SECTION 1. On and after the effective date, the minimum wage that shall be paid by the employers in the Loose Leaf Manufacturing Industry to any of their employees directly engaged in the production of merchandise shall be at the rate of 40 cents per hour for men and 30 cents per hour for women and that incidental labor and learners may be paid not less than 80% of such minimum wage, but the total amount paid to such incidental labor and learners shall not exceed in any calendar month 10% of the total wage to employees directly engaged in producing merchandise.

SEC. 2. The minimum wage that shall be paid by employers in this industry to accounting, clerical, office, and sales employees—except outside salesmen—shall be not less than \$15.00 per week in any city of over 500,000 population, or less than \$14.50 in any city between 250,000 and 500,000 population, or less than \$14.00 in any city of between 2,500 and 250,000 population, and in towns of less than 2,500 population, not less than \$12.00 per week.

ARTICLE VIII—RIGHTS OF EMPLOYEES AND CONDITIONS OF EMPLOYMENT

SECTION 1. Employees shall have the right to organize and bargain collectively through representatives of their own choosing, and shall be free from the interference, restraint, or coercion of employers of labor, or their agents, in the designation of such representatives or in

self-organization or in other concerted activities for the purpose of collective bargaining or other mutual aid or protection.

SEC. 2. No employee and no one seeking employment shall be required as a condition of employment to join any company union or to refrain from joining, organizing, or assisting a labor organization of his own choosing.

SEC. 3. Employers shall comply with the maximum hours of labor, minimum rates of pay, and other conditions of employment, approved or prescribed by the President.

SEC. 4. It is clearly understood that the foregoing paragraphs do not impair in any particular the constitutional rights of employee and employer to bargain individually or collectively as may be mutually satisfactory to them; nor does it impair the joint right of employer and employee to operate an open shop.

ARTICLE IX—PRICE PUBLICATION

SECTION 1. Each member shall, within ten days after the effective date of this Code, publish and continue to publish as changes are made: (a) list prices for all its standard lines of loose-leaf devices and supplies offered for sale; (b) the dates when such prices become effective, which date shall not be less than ten days after date of such publication, except in case of the first publication, which shall show prices then in effect; and (c) discounts and terms allowed, or net prices charged to various designated classes of customers.

SEC. 2. Publication as referred to in this Code shall not be deemed fulfilled until a sufficient number of certified copies of the lists to be published shall have been received at the office of the Executive Director for his own use and for the requirements of the Code Committee.

SEC. 3. Failure to publish or to continue to publish, as changes are made, any or all of the aforesaid information, or to publish false or fictitious prices, discounts, or terms for any item so listed is an unfair method of competition and a violation of this Code.

SEC. 4. No special item of loose-leaf devices or supplies which is not covered by the published list of prices of the member shall be sold or offered for sale at net prices, discounts, or terms more favorable to the purchaser than the published prices, discounts, and terms of any member of a stock item of comparable grade.

SEC. 5. The Code Committee or the Executive Director shall have power on its or his own initiative or on the complaint of any member of the Code to investigate any published price of any product filed with the Executive Director by any member of the Code, and for the purpose of the investigation thereof to require such member to furnish such information concerning the cost of manufacturing such product as the Code Committee shall deem necessary or proper for such purpose.

SEC. 6. If the Code Committee or the Executive Director after such investigation shall determine that such published price is an unfair price for such product, having regard to the cost of manufacturing such product, and that the maintenance of such unfair price may result in unfair competition in the Industry, the Code Committee or the Executive Director may require the member of the Code that filed the list in which such unfair price was shown to file

a new list showing a fair price for such product, which fair price shall become effective immediately upon the filing of such list. If such member of the Code shall not within ten days after notice of such determination by the Code Committee or the Executive Director file a new list showing such fair price for such product, the Code Committee shall have power to fix a fair price for such product, which fair price, however, shall not be more than the price of any other member of this Code at that time effective for such product.

SEC. 7. The Code Committee may, for the purpose of executing this Code and to insure fair competition, require each member to submit to it or to the Executive Director specifications and samples of every item offered for sale, and shall have the power to assign each of said items to its proper classification.

SEC. 8. When an unsuccessful bidder feels that the successful bidder has quoted an unfair price, he may demand that the successful bidder shall show the specifications and prices of the order to the Executive Director, who shall determine whether any infraction of the Code has been committed. The Executive Director shall have authority to obtain from other bidders all information they shall have concerning the work and their negotiations concerning same.

ARTICLE X—UNFAIR TRADE PRACTICES

The Code Committee may prescribe such equitable regulations and take such action thereunder as will insure fair competition. Such regulations will in all cases conform with the Industrial Recovery Act or any supplementary ruling issued by the President concerning the application of said Act.

For all purposes of the Code the following described acts shall constitute unfair practices:

A. Making or promising to any purchaser or prospective purchaser of any product, or to any officer, employee, agent, or representative of any such purchaser or prospective purchaser, any bribe, gratuity, gift, or other payment or remuneration, directly or indirectly.

B. Procuring, otherwise than with the consent of any member of the Code, any information concerning the business of such member which is properly regarded by it as a trade secret or confidential within its organization, other than information relating to a violation of any provision of the Code.

C. Imitating or simulating any drawing, sketch, trade mark, or brand used by any other member of the Code.

D. Using or substituting any material superior in quality to that specified by the purchaser of any product as a means of price cutting or using or substituting any inferior grade of material tending to deceive the purchaser.

E. Canceling in whole or in part, or permitting the cancellation in whole or in part of, any contract of sale of any product, except for a fair consideration, or paying or allowing to any purchaser in connection with the sale of any product any rebate, commission, credit, discount, adjustment, or similar concession other than as is permitted by the Code and specified in the contract of sale.

F. Disseminating, publishing, or circulating any false or misleading information relative to any product or price for any product



of any member of the Code, or the credit standing or ability of any member thereof to perform any work or manufacture or produce any product, or to the conditions of employment among the employees of any member thereof.

G. Inducing or attempting to induce by any means any party to a contract with a member of the Code to violate such contract.

H. Aiding or abetting any person, firm, association, or corporation in any unfair practice.

I. Making or giving to any purchaser of any product any guaranty or protection in any form against decline in the market price of such product.

J. Stating in the invoice of any product as the date thereof a date later than the date of the shipment of such product, or including in any invoice any product shipped on a date earlier than the date of such invoice.

K. Making any sale or contract of sale of any product under any description which does not fully describe such product in terms customarily used in the Industry.

L. Rendering to any purchaser of any product in or in connection with the sale of such product any service, unless fair compensation for such service shall be paid by such purchaser.

M. Selling below cost, as determined by methods approved by the Federal Administration.

N. Any violation of any other provision of the Code (whether or not therein expressed to be such, or using or employing any practice not hereinabove described which the Code Committee shall have declared to be a practice that would tend to defeat the policy of Title I of the National Industrial Recovery Act and, therefore, an unfair practice, and of which determination by such Committee, the Executive Director shall have given notice to the members of the Code and to the President.

ARTICLE XI.—GENERAL PROVISIONS

SECTION 1. *Modification of Code.*—This Code, or any of its provisions, shall be canceled or modified, and any approved rule issued thereunder shall be ineffective to the extent necessary to conform to any action by the President under Rule 10 (b) of the National Industrial Recovery Act in cancellation or modification of any order, approval, license, rule, or regulation pertaining thereto.

SEC. 2. *Violation of Code.*—Violation of any of the provisions of this Code, or any of the rules and regulations established thereunder by any person, is an unfair method of competition, subject to the penalties provided in the National Industrial Recovery Act.

SEC. 3. *Amendments to Code.*—This Code may be amended by a two-thirds affirmative vote of the members of this Code, provided that the amendment is approved by the Code Committee and the President.